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## China, Peoples Republic of

### Agricultural Situation

### News Flash I.22

### 2007

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**Report Highlights:**

This report provides a news synopsis of trade policy and agriculture/commodities in China. Agricultural/commodities includes: Rising temperatures threaten China's agriculture production output, China to strengthen supervision and management of processed food production, China Soybean Industry Association to be established, and increase in food prices expected in the coming year.

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[CH]

**Agriculture/Commodities****Rising temperatures threaten China's agriculture production output**

According to an official report evaluating climate change jointly released by the Ministry of Science and Technology (MOST) and other five central departments and academic organizations, rising temperatures may pose a challenge to long-term food production.

According to the report, China's output of major crops, including rice, wheat and corn, could fall by up to 37 percent in the second half of this century unless preventive measures are taken to curb greenhouse gases in the coming 20 to 50 years. According to the report, the average temperature in China have risen by 0.5 to 0.8 degree centigrade in the past century and are expected to go up another two to three degrees centigrade in the coming 50 to 80 years. Most areas in China, especially northern areas, will become drier, even though annual rainfall may increase 7 to 10 percent. The greater demand for water for agricultural irrigation will significantly impact the cost of farm production. (Xinhuanet, 01/03/2007, ZL)

**China to strengthen supervision and management of processed food production**

According to AQSIQ, in 2007, China will tighten supervision and management of domestic food production and processing to ensure quality, safety and hygiene. AQSIQ noted the monitoring would focus on food additives, packaging, and containers in food processing production facilities. Companies manufacturing fake or shoddy goods that use food additives arbitrarily or add toxic and harmful ingredients will be subject to severe enforcement measures. The administration stated that only firms that passed government standards would be allowed to process food. Twenty-nine firms had been licensed to produce plastic food packs, containers and facilities. China has more than 3,700 companies involved in the production of plastic bags, containers and tools for food processing production. Over a thousand are poorly equipped small firms each having fewer than 10 employees. (Xinhuanet, 12/29/2006, ZL)

**China Soybean Industry Association to be established**

On December 29, 2006, the Chinese Ministry of Agriculture (MOA) issued a circular to all provincial agricultural bureaus/departments on the recommendation of members for to "China Soybean Industry Association" (CSIA). The circular reported that the State Council and the Ministry of Civil Affairs (MCA) approved the establishment of the preparatory committee for the CSIA. The Association is a nationwide industry organization composed of all entities or personnel related to soybean production, processing, marketing, research and extension services in China and operates on a voluntary basis. The association is affiliated with MOA under the supervision of MCA. The purpose of CSIA is to protect the interests of soybean producers and the relevant enterprises, and to promote the development of the industry. (agri.gov.cn, 01/08/06, WXP)

**Increase in food prices expected in the coming year**

According to the 2007 China and World Economic Development Report released by State Information Center, food prices will see greater increases in 2007 due to grain price gains in 2006. Grain prices are expected to continue increasing marginally in 2007 in response to a considerable decrease in world grain production in 2006. Poultry and livestock prices are also expected to pick up following two consecutive years of price declines. If the current upward trend in feed prices continues, meat prices will likely see steeper price increases in 2007. (China Food Newspaper, 1/10/07, WBG)